

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7607

BILL NUMBER: HB 1148

NOTE PREPARED: Dec 31, 2004

BILL AMENDED:

SUBJECT: Local Government Telecommunications.

FIRST AUTHOR: Rep. Lutz

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill prohibits a political subdivision from controlling, owning, or operating facilities for providing cable, telecommunications, and information services unless the political subdivision: (1) conducts an inquiry into the availability of services from other providers in the area; (2) holds a public hearing; and (3) determines the costs and benefits of the proposed facilities. It prohibits a political subdivision that provides services from requiring a nonsubscriber to pay any of the costs of providing the services. It also prohibits a political subdivision from providing a subsidy to a person to provide services in an area without first conducting an inquiry into the availability of services in the area.

The bill specifies the procedures that a political subdivision may use in conducting an inquiry into the availability of services. It requires a political subdivision that provides services to comply with antitrust laws. It allows a political subdivision to issue bonds to finance the capital costs of facilities for providing services. The bill also establishes remedies for a person aggrieved by an action of a political subdivision that provides services.

Effective Date: July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues: *Court Fee Revenue:* A person may file an action against a political subdivision if affected by the political subdivision allegedly violating the provisions of this bill. If additional civil actions occur, revenue to the state General Fund may increase if court fees are collected. A civil filing fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General

Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

Explanation of Local Expenditures: This bill would require a political subdivision to conduct an inquiry into the availability of telecommunication services, hold a hearing, and determine the costs and benefits before deciding to take an interest in providing any of the services. The types of services covered in this bill include: cable, information, advanced, broadband, and Internet Protocol-enabled services. Once it has been decided to take an interest in any of the services, a political subdivision may issue bonds to finance the capital costs of needed facilities. The bonds are to be paid only from revenues generated by the political subdivision from providing the service. No money from the political subdivision's general fund may be used to pay any costs associated with the bonds.

The fiscal impact of this bill is dependent on local action and can vary based on the manner in which a political subdivision chooses to carry out the provisions. This bill will only affect those political subdivisions wishing to take interest in providing these services after June 30, 2005.

Explanation of Local Revenues: *Court Fee Revenue:* If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 filing fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund.

State Agencies Affected:

Local Agencies Affected: Certain political subdivisions, trial courts, city and town courts.

Information Sources:

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